

RL settled the inter-company balance as on 31 December 2015 by issuing a cheque of Ksh. 30 million. However, the cheque was received by JL on 1 January 2016.

- (v) The non-controlling interest is measured at the proportionate share of RL's identifiable net assets. It may be assumed that profits of both companies had accrued evenly during the year.

Required:

- ii. Prepare a consolidated income statement for the year ended 31 December 2015 and consolidated statement of financial position as at 31 December 2015 (20 Marks)

QUESTION THREE (20 Marks)

- a) The following trial balance was extracted from the books of Isinya Plc as 31st March 2019.

	Ksh. in '000'	
	Dr	Cr
Administrative expenses	210	
Share capital		600
Receivables	470	
Bank overdraft		80
Income tax (overprovision in 2014)		25
Provision		180
Distribution costs	420	
Non-current investments	560	
Investment income		75
Plant and machinery		
At cost	750	
Accumulated depreciation (at 31 March 2015)		220
Retained earnings (at 1 April 2014)		180
Purchases	960	
Inventory (at 1 April 2014)	140	
Trade payables		260
Sales revenue		2,010
Interim dividend paid	120	
	<u>3,630</u>	<u>3,630</u>

Additional information

- 1) Inventory at 31 March 2019 was valued at Ksh. 150,000.
- 2) The income tax charge based on the profits on ordinary activities is estimated to be Ksh. 74,000.
- 3) The provision is to be increased by Ksh. 16,000.
- 4) There were no purchases or disposals of fixed assets during the year.

Required:

- i. Prepare the company's statement of comprehensive income for the year to 31 March 2019 and a statement of financial position as at that date in accordance with IAS 1 (20 Marks)

QUESTION FOUR (20 Marks)

BC Limited has provided you the following statements of financial position and statement of comprehensive income.

Statements of financial position as on December 31, 2015

	2015 (KSH)	2014 (KSH)
Cash	145,000	32,000
Accounts receivable	280,000	104,000
Long-term investments	220,000	170,000
Inventory	424,000	200,000
Prepaid insurance	24,000	36,000
Office supplies	14,000	7,000
Land	1,810,000	2,500,000
Building	2,800,000	2,300,000
Accumulated depreciation	(890,000)	(720,000)
Equipment	1,200,000	1,150,000
Accumulated depreciation	(380,000)	(350,000)
Total assets	5,647,000	5,429,000
Accounts payable	158,000	263,000
Wages payable	40,000	24,000
Short-term loans	580,000	580,000
Long-term loans	1,085,000	1,160,000
Share capital	3,290,000	3,290,000
Retained earnings	494,000	112,000
Total liabilities and equity	5,647,000	5,429,000
Sales revenue	9,280,000	
Cost of goods sold	(6,199,000)	
Gross profit	3,081,000	
Selling expenses	634,000	
Administrative expenses	1,348,000	
Depreciation expenses	230,000	
Income from operations	869,000	
Other revenues/expenses		
Gain on sale of land	64,000	
Gain on sale of long term investment	32,000	
Loss on sale of equipment	(15,000)	
Net income	950,000	
Dividend paid	(568,000)	
Retained earnings	382,000	